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Part 2

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ORIGINAL

PROVIDING THE SMALL BUSINESS ADMINISTRATION CONTINUING AUTHORITY TO ADMINISTER A PROGRAM FOR SMALL INNOVATIVE FIRMS

JULY 17, 1986.—Ordered to be printed

Mr. HAMILTON, from the Permanent Select Committee on Intelligence, submitted the following

REPORT

[To accompany H.R. 4260]

The Permanent Select Committee on Intelligence, to whom was referred the bill (H.R. 4260) to provide the Small Business Administration continuing authority to administer a program for small innovative firms, having considered the same, report favorably thereon and recommend that the bill as amended by the Committee on Small Business do pass.

The bill (H.R. 4260) as amended by the Committee on Small Business makes two amendments to existing law relating to the Small Business Innovation Research (SBIR) Program, which requires most Federal agencies with an extramural research or research and development budget in excess of $100 million to reserve a certain portion of that budget for innovative research conducted by small businesses. The Congress established the SBIR program in 1982 with enactment of the Small Business Innovation Development Act of 1982 (Public Law 97-219).

Section 1 of H.R. 4260 amends the definition of "extramural budget" in Section 9(e)(1) of the Small Business Act (15 U.S.C. 638(e)(1)) to exclude from that term amounts obligated by the Department of Defense solely for operational systems development.

Section 2 of H.R. 4260 repeals the 5-year sunset provision on the SBIR Program contained in Section 5 of the Small Business Innovation Development Act. Repeal of the sunset provision makes the SBIR Program permanent.

When Congress established the SBIR Program in 1982, it recognized that intelligence research or research and development programs could not be included within the SBIR Program due to the

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stringent security requirements for such programs, as discussed in the Committee's report on the Small Business Innovation Development Act of 1982 (H. Rept. 97-349, part 7). Accordingly, in identifying the Federal agencies subject to the SBIR Program, the Congress excluded "any agency within the Intelligence Community (as the term is defined in section 3.4(f) of Executive Order 12333 or its successor orders)" (Section 9(e)(2), Small Business Act, 15 U.S.C. 638(e)(2)).

The Committee has determined that exclusion from the SBIR Program of the research and development programs of the intelligence components of the U.S. Government remains appropriate. The bill (H.R. 4260) as amended by the Committee on Small Business preserves that exclusion, and accordingly the Committee supports its enactment.

Committee Position

On July 17, 1986, the Permanent Select Committee on Intelligence, a quorum being present, approved the bill and by voice vote ordered it favorably reported.

Oversight Findings

With respect to clause 2(l)(3)(A) of Rule XI of the Rules of the House of Representatives, the Committee finds that, due to the statutory exclusion of the intelligency community from the SBIR Program, the Program has had no direct effect on matters within the Committee's jurisdiction.

Fiscal Year Cost Projections

With respect to clause 2(l)(3)(B) of Rule XI of the Rules of the House of Representatives, the bill does not provide new budget authority or tax expenditures.

Congressional Budget Office Estimate

With respect to clause 2(l)(3)(C) of Rule XI of the Rules of the House of Representatives, the Committee has received no estimate and comparison of the costs of implementing the bill from the Congressional Budget Office. The estimate and comparison received by the Committee on Small Business appears in its report on the bill (H. Rept. 99-646).

Oversight Findings and Recommendations of the Committee on Government Operations

With respect to clause 2(l)(3)(D) of Rule XI of the Rules of the House of Representatives, the Committee has received no oversight findings and recommendations concerning the bill from the Committee on Government Operations.

Inflationary Impact Statement

With respect to clause 2(l)(4) of Rule XI of the Rules of the House of Representatives, the Committee concurs in the conclusion of the Committee on Small Business (H. Rept. 99-646) that the bill will

have no inflationary impact on prices and costs in the operation of the national economy.

Five Year Cost Projection

With respect to clause 7(a)(1) of Rule XIII of the Rules of the House of Representatives, the Committee concurs in the estimate of the Committee on Small Business (H. Rept. 99-646) that the projected 5-year costs incurred in carrying out the bill will not exceed $5 million.

Executive Branch Estimate

With respect to clause 7(a)(2) of Rule XIII of the Rules of the House of Representatives, the Committee has received no estimate of the cost of implementing the bill from the executive branch.

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Section 9 of the Small Business Act

Sec. 9. (a) * * *

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(e) For the purposes of this section—

(1) the term "extramural budget" means the sum of the total obligations minus amounts obligated for such activities by employees of the agency in or through Government-owned, Government-operated facilities, *except that for the Department of Defense it shall not include amounts obligated solely for operations systems development, and* except that for the Agency for International Development it shall not include amounts obligated solely for general institutional support of international research centers or for grants to foreign countries;

* * * * * * *

Section 5 of the Small Business Innovation Development Act of 1982 (P.L. 97-219)

[Sec. 5. Effective October 1, 1988, paragraphs (4) through (7) of section 9(b) of the Small Business Act (as added by section 3) and subsections (e) through (k) of section 9 of the Small Business Act (as added by section 4) are repealed.]

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